

ORIGINAL

OPEN MEETING AGENDA ITEM



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TEP

Tucson Electric Power
88 East Broadway Blvd., Post Office Box 711
Tucson, AZ 85702

RECEIVED

2015 MAR -2 P 4: 34

AZ CORP COMMISSION
DOCKET CONTROL

March 2, 2015

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Re: Notice of Filing – Tucson Electric Power Company's Environmental Compliance Adjustor, Decision No. 73912, Docket No. E-01933A-12-0291

Pursuant to Decision No. 73912 (June 27, 2013) and the Plan of Administration ("POA") for Tucson Electric Power Company's ("TEP") Environmental Compliance Adjustor ("ECA"), TEP hereby files its ECA rate, supporting Schedules 1 and 2, and clean and redlined version of TEP Statement of Charges Sheet No. 801-2.

The new ECA rate will be \$0.000191 per kWh, which equates to about a \$0.15 increase for an average residential customer who uses 800 kWh a month. Pursuant to Section 8 of the POA the rate will become effective with the first billing cycle in May (without proration), unless the Commission has otherwise acted to suspend the filing or Staff has filed an objection by May 1st.

If you have any questions about this filing, please contact me at (520) 884-3680.

Sincerely,

Melissa Morales
Regulatory Services

cc: Barbara Keene, Utilities Division, ACC
Compliance Section, ACC

Arizona Corporation Commission

DOCKETED

MAR 02 2015

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TUCSON ELECTRIC POWER COMPANY
Schedule 1: Qualified Investments for ECA
Electric Plant in Service Effective August 1, 2013 through December 31, 2014

Electric Plant in Service

Line No.	(A) Project Tracking Number	(B) Project Name	(C) Purpose	(D) In-Service Date	(E) Total Cost	(F) ACC Jurisdictional Total Cost	(G) ACC Reserve	(H) Annual ACC Dep Exp
Qualified Environmental Compliance Projects								
1.	CBOSH04W316895/S1049/S1050	SGS U12 WATER TREATMENT	Replace 28 yr old U1 & U2 Soda Ash Slakers/Feeders. Construct two separate drying beds within the sludge pond where suck trucks will dump sludge to dry. Install new baghouse hoppers in U2 B baghouse. Update simulator control systems logic and model software up to date to correspond with DCS. PNM will purchase and install mercury adsorbent probes that will collect over a period of time. PNM is to monitor the mercury in U1 flue gases. PNM will purchase and install mercury adsorbent probes that will collect over a period of time. PNM is to monitor the mercury in U2 flue in gases. Replacement of sewer line. Remove existing liner material, repair subgrade, stabilized pond slopes with concrete mixture and refine pond using liner material. Install new baghouse hoppers in U2 B baghouse. New OPC servers to connect to PLC's from CEMS and display real time values.	Aug-13	353,488.95	\$314,841.70	\$17,749.20	\$12,908.51
2.	D13S802/W312276	SGS U1234 DRYING POND		Aug-13	\$22,061.37	\$464,983.96	\$23,067.13	\$16,776.09
3.	CBOSK02/W320491/S388/S389	SGS U2 BAGHOUSE		Sep-13	101,691.99	\$90,573.92	\$2,363.22	\$1,829.59
4.	CBOAD00/715413	SAN JUAN STATION REPL AND BETT		Oct-13	55,123.49	\$48,096.79	\$7,991.12	\$6,613.34
5.	CBOAD00/76116329/Y0058891	SAN JUAN STATION REPL AND BETT	PNM will purchase and install mercury adsorbent probes that will collect over a period of time. PNM is to monitor the mercury in U1 flue gases. PNM will purchase and install mercury adsorbent probes that will collect over a period of time. PNM is to monitor the mercury in U2 flue in gases. Replacement of sewer line. Remove existing liner material, repair subgrade, stabilized pond slopes with concrete mixture and refine pond using liner material. Install new baghouse hoppers in U2 B baghouse. New OPC servers to connect to PLC's from CEMS and display real time values.	Oct-13	38,634.01	\$34,410.12	\$1,093.52	\$904.99
6.	CBOAD00/76216332/Y0059866	SAN JUAN STATION REPL AND BETT		Oct-13	\$33,953.70	\$1,247.23	\$1,613.70	\$1,032.19
7.	CBOAD00 - 1668062	SEWER LINE REPLACEMENT		Oct-13	\$9,914.42	\$1,613.70	\$1,613.70	\$1,335.47
8.	D13S/H09/W325138	SGS U12 POND LINER		Nov-13	\$1,232,179.26	\$1,097,464.06	\$58,833.71	\$52,286.63
9.	CBOSK02/W320949	SGS U2 BAGHOUSE	Install new baghouse hoppers in U2 B baghouse. New OPC servers to connect to PLC's from CEMS and display real time values.	Nov-13	\$265,788.30	\$6,040.04	\$5,368.92	\$5,368.92
10.	CBOFX91/PC15648	LABORATORY/TEST EQUIP		Dec-13	15,439.99	\$13,751.92	\$1,493.37	\$1,433.64
11.	D13SE03/W324578	SGS U1 BOILER		Dec-13	\$269,712.55	\$240,224.65	\$14,463.12	\$13,884.60
12.	CBOFX91/PC10970	LABORATORY/TEST EQUIP		Dec-13	\$21,390.94	\$20,074.89	\$2,600.85	\$2,466.81
13.	CBOAE00/FCC07117	FOUR CORNERS STATION REPL AND BETT	Common share of south Ash pound seepage projects for Phase II. Construct North/South ash haul road extensions around phase 5 & 6 CEM's server manufacturer will not support Windows XP after April 2014. Require new computers to run software on new server. Replacement (100%) bag house compartment 97,686 bags. Included removal/disposal of 2008 bags.	Dec-13	\$1,121.04	\$81,158.70	\$2,003.61	\$1,923.46
14.	D13S804/S9009	SGS U1234 ASH BURIAL		Dec-13	\$538,841.45	\$479,929.46	\$18,036.78	\$17,315.31
15.	CBOSB01 - S11731	PcS (Controls) For Cems, Acro'S Env		Dec-13	7,477.06	\$6,659.82	\$332.54	\$319.24
16.	D05AD32 - 76116325/Y060146	U1 Bag House Bag Repl		Jan-14	\$31,846.59	\$473,715.76	\$11,939.61	\$12,458.72
17.	D05AD32 - 76216325/Y060928	U2 Circ Water Line Coating	Replacement of Ash water switchgear for U1 & U2. Requires the cubicle doors to be in open position to allow breaker to be closed. Replacement of Ash water switchgear for U1 & U2. Requires the cubicle doors to be in open position to allow breaker to be closed. Replacement of roof gas turning vane segments with chromium carbide weld overlay, outer cone vanes, and central gas dispenser. Install new burners and tilt system, restore all fuel, aux, oia dampers. Purchase 4 new 600HP atomizer motors and associated controls for the atomizer motor.	Mar-14	\$263,338.84	\$234,555.90	\$5,644.98	\$7,130.50
18.	D05AD32 - 7651732/Y0052643	U1 & U2 Ash Water Switchgear Repl		Apr-14	\$592,261.42	\$527,527.25	\$8,631.66	\$12,185.88
19.	D05AD32 - 7651732/Y0052644	U1 & U2 Ash Water Switchgear Repl		Apr-14	\$592,261.43	\$527,527.26	\$8,519.57	\$12,027.62
20.	D14SK11 - S12757/S13330	Sda Chamber Roof/Central Gas Vane		Jun-14	\$1,291,911.07	\$1,150,705.19	\$12,590.63	\$23,244.24
21.	D14SK06 - S6119	Burner and Tilt System Restoration	Purchase 4 new 600HP atomizer motors and associated controls for the atomizer motor. Install dust extractor unit to replace U3 DC1 & U1-2 DC1 baghouse style dust collectors. Replacement of SDA Atomizer Chamber roof inlet damper electric Install Sick Mahlak mercury CEM analyzer and calibration linearity Hg gas bottles and chemicals	Jun-14	\$1,143,789.03	\$1,018,772.89	\$11,147.07	\$20,579.21
22.	D13SK10 - W319698/S24040/S25207	Controls		Jul-14	\$2,719,121.71	\$2,421,921.71	\$22,422.96	\$48,922.82
23.	CBOSB01 - W322097	Dust Extractor		Aug-14	\$419,397.41	\$373,557.27	\$6,715.13	\$17,907.01
24.	CBOSE06 - S18115	U1 Sda Atomizer Chamber Iso Gate Actuator		Aug-14	\$9,448.32	\$8,415.62	\$182.40	\$486.41
25.	D13SK01-S6123/S12217	U2 Mercury CEMS		Sep-14	\$475,935.99	\$423,916.19	\$2,250.29	\$7,715.28

Line No.	(A) Project Tracking Number	(B) Project Name	(C) Purpose	(D) In-Service Date	(E) Total Cost	(F) ACC Jurisdictional Total Cost	(G) ACC Reserve	(H) Annual ACC Dep Exp
Qualified Environmental Compliance Projects								
26.	CBOAD00 - 76616334Y062246	LAKE OUTLET LINE COATINGS	Replace outlet line coating	Oct-14	\$107,144.02	\$95,433.18	\$2,678.09	\$12,854.85
27.	D07AE34 - Fcc05792	Ash Disposal Site 3 & 4	DFADA Site 2 facility will reach capacity by 2015, so it requires an ash disposal facility for environmental secure disposal.	Nov-14	356,354.10	\$317,404.60	\$692.34	\$5,538.71
28.	D05AD32 - 1625909	San Juan Various Environmental Projects	New control automation system incorporated to the DCS and controlled from the coal board for U1 & U2 Ash systems.	Nov-14	203,032.05	\$180,840.55	\$640.85	\$5,126.83
29.	CBOAD00 - 76117214Y061528	ABSORBER EXTERIOR WALL	Replacement of insulated block absorbers	Dec-14	\$261,299.45	\$232,739.42	\$255.04	\$6,121.05
30.	D13SH01 - W325002Y030792	Salado Springs -Springville	Salado Springs	Dec-14	\$477,874.18	\$425,642.54	\$888.68	\$21,328.33
31.	D13SE09 - W300895	U1 Mercury Controls System	Install Mercury control systems ad SOX reduction	Dec-14	507,559.86	\$446,739.37	1,150.35	\$27,608.49
32.	D13SK02 - W300896	U2 Mercury Controls System	Install Mercury control systems ad SOX reduction	Dec-14	525,697.29	\$468,238.58	394.10	\$9,458.42
33.	D14SH06 - S30775	12 & 13 Engart Crusher Tower and Plow Tunnel	Replace U1&U2 dust collection baghouse system with an Engart dust extractor system	Dec-14	395,237.57	\$352,038.10	601.40	\$14,433.56
34.		Total			\$14,462,339.20	\$12,882,517.88	\$256,274.30	\$401,566.74

TUCSON ELECTRIC POWER COMPANY
Schedule 2: Capital Carrying Costs and Adjustor Calculation
Plant in Service Effective August 1, 2013 through December 31, 2014
Billing Period Effective May 1, 2015 through April 30, 2016

Line No.	ECA Rate Calculation	
	Qualified Net Plant	
1.	Qualified Environmental Compliance Projects (Schedule 2)	\$12,882,517.88
2.	Accumulated Depreciation	\$256,274.30
3.	Cumulative Deferred Tax/Tax Credits	0.00
4.	Qualified Net Plant (Line 1 - Line 2 - Line 3)	<u>\$13,138,792.18</u>
5.	Pre-Tax Weighted Average Cost of Capital	10.12%
	ECA Revenue Requirement	
6.	Composite Return on ECA Net Plant (Line 4 * Line 5)	\$1,278,182.68
7.	Annual Depreciation of Plant in Service	401,566.73
8.	Applicable Property Tax	68,157.40
9.	Associated O&M Expense	0.00
10.	Total ECA Capital Carrying Costs (Line 6 + Line 7 + Line 8 + Line 9)	<u>\$1,747,906.81</u>
11.	Total Company Retail Sales (kWh)	9,165,353,507
12.	Calculated ECA Rate (\$/kWh) (Line 10 / Line 11)	\$0.000191
13.	ECA Rate Cap (\$/kWh)	\$0.000250
14.	ECA Rate (\$/kWh) Lesser of Line 12 or Line 13	<u><u>\$0.000191</u></u>

CLEAN



Tucson Electric Power

Tucson Electric Power Company

Fifth Revised Sheet No.: 801-2

Superseding Fourth Revised Sheet No. : 801-2

TEP STATEMENT OF CHARGES

Description	Rate	Effective Date	Decision No.
Rider R-6 – Renewable Energy Standard and Tariff Surcharge REST-TS1 Renewable Energy Program Expense Recovery Average price by class: <u>Monthly Cap</u> For Residential Customers: For Small General Service Customers: For Large General Service Customers: For Large Light & Power Customers: For Lighting Customers:	 <u>Monthly Cap</u> \$ 3.19 per month \$ 20.77 per month \$ 779.66 per month \$8,000.00 per month \$ 11.71 per month	 January 1, 2015	 74884
Rider R-8 Lost Fixed Cost Recovery (LFCR) Mechanism – Energy Efficiency Lost Fixed Cost Recovery (LFCR) Mechanism – Distributed Generation	 0.4149% 0.3126%	 August 1, 2014	 74593
Rider R-9 – Environmental Compliance Adjustor (ECA)	\$0.000191 per kWh	PENDING	PENDING

Filed By: Kentton C. Grant
Title: Vice President of Finance and Rates
District: Entire Electric Service Area

Rate: Statement of Charges
Effective: July 1, 2013
Decision No.: 73912

REDLINE



Tucson Electric Power

Tucson Electric Power Company

~~Fifth~~Fourth Revised Sheet No.: 801-2

Superseding ~~Fourth Revised~~Third Sheet No.: 801-2

TEP STATEMENT OF CHARGES

Description	Rate	Effective Date	Decision No.
Rider R-6 – Renewable Energy Standard and Tariff Surcharge REST-TS1 Renewable Energy Program Expense Recovery Average price by class: <u>Monthly Cap</u> For Residential Customers: For Small General Service Customers: For Large General Service Customers: For Large Light & Power Customers: For Lighting Customers:	<u>Monthly Cap</u> \$ 3.19 per month \$ 20.77 per month \$ 779.66 per month \$8,000.00 per month \$ 11.71 per month	January 1, 2015	74884
Rider R-8 Lost Fixed Cost Recovery (LFCR) Mechanism – Energy Efficiency Lost Fixed Cost Recovery (LFCR) Mechanism – Distributed Generation	 0.4149% 0.3126%	 August 1, 2014	 74593
Rider R-9 – Environmental Compliance Adjustor (ECA)	\$0.000049000191 per kWh	May 1, 2014 PENDING	73912 PENDING

Filed By: Kentton C. Grant
Title: Vice President of Finance and Rates
District: Entire Electric Service Area

Rate: Statement of Charges
Effective: July 1, 2013
Decision No.: 73912